



PEAB AB INTERIM REPORT JANUARY–SEPTEMBER 2008.

Net sales increased by 11 percent to SEK 24,724 million (22,370)

Operating profit increased by 40 percent to SEK 1,106 million (789)
and operating margin rose to 4.5 percent (3.5)

Profit for the period amounted to SEK 729 million (493)

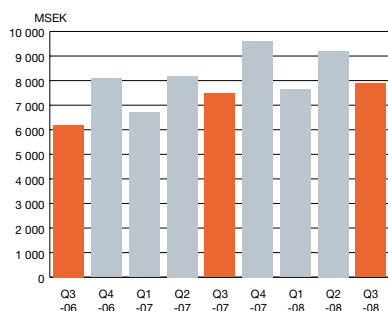
Earnings per share before dilution amounted to SEK 4.36 (3.02)

Order backlog continues to be high and amounted to SEK 27,307 million
compared with SEK 26,299 million at the turn of the year

Peab makes an offer on Peab Industri

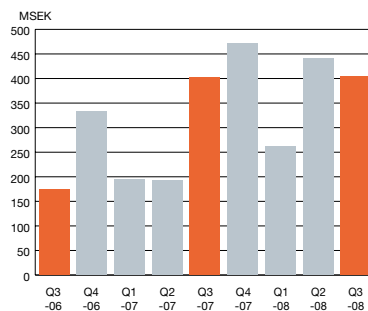
INTERIM REPORT JANUARY - SEPTEMBER 2008

Net sales



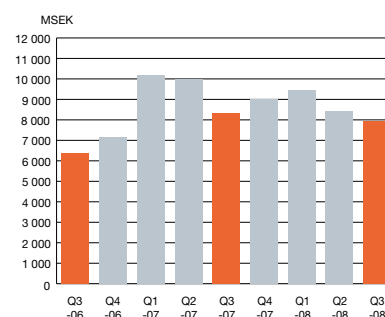
The Group's net sales for the January-September 2008 period amounted to SEK 24,724 million, which was an increase of 11 percent compared with the same period the previous year. Adjusted for acquired and divested units, the increase in net sales amounted to 8 percent.

Operating profit



The Group's operating profit for the January-September 2008 period increased by 40 percent and amounted to SEK 1,106 million compared with SEK 789 million the same period the previous year. Operating profit for the latest rolling 12 month period amounted to SEK 1,578 million compared with SEK 1,261 million for the entire year 2007.

Orders received per quarter



Orders received for January-September 2008 amounted to SEK 25,849 million compared with SEK 28,505 million the same period the previous year. Order backlog amounted to SEK 27,307 million compared with SEK 26,891 million per 30 September 2007. On 31 December 2007 order backlog amounted to SEK 26,299 million.

Group

MSEK	Jan-Sep 2008	Jan-Sep 2007	Oct-Sep 2007/2008	Jan-Dec 2007	Financial objectives (full year)
Net sales	24,724	22,370	34,331	31,977	
Operating profit	1,106	789	1,578	1,261	
Operating margin, %	4.5	3.5	4.6	3.9	
Pre-tax profit	979	653	1,425	1,099	
Profit for the period	729	493	1,047	811	
Earnings per share before dilution, SEK	4.36	3.02	6.24	4.92	
Return on equity, %	29.6 ¹⁾	28.0 ¹⁾	29.6	23.6	> 20%
Equity/assets ratio, %	21.8	23.3	21.8	23.5	> 25%

¹⁾ Calculated on rolling 12 months.

NEW CONTRACTS DURING THIRD QUARTER

We received several major contracts during the third quarter, including

- Peab has been given the responsibility for road maintenance in the Bollnäs Operation Area. Peab received the order from the National Road Administration and the contract is worth SEK 120 million.
- Peab has been commissioned to adapt and revamp the Malmö Central train station yard to prepare it for connection to the City Tunnel. Peab received the order from the National Rail Administration and the contract is worth around SEK 265 million.
- Peab has been commissioned to build another section of the railway extension of the Motala – Mjölby line in Östergötland. Peab received the order from the National Rail Administration and the contract is worth SEK 105 million.
- Peab has been commissioned to build a new office building in Lund. Peab received the order from Vasakronan and the contract is worth SEK 103 million.
- Peab has been commissioned to build 110 apartments in Partille, on the outskirts of Gothenburg. Peab received the order from the municipal company Partillebo and the value of the contract is SEK 170 million.
- Peab has been commissioned to carry out the extension of the university college in Karlskrona. Peab received the order from Kruthusen Företagsfastigheter AB, and the value of the contract is SEK 172 million.

COMMENTS BY THE CEO

We are pleased that we can present net sales and profit developments that clearly show how well our deliberate efforts over the years have paid off. One of the most important areas we have developed is our trust-based contracts as a tender form. We sharpen our production organisation when we work closely together with our customers and this leads to high quality and good profitability.

Another strength is our broad range of products and customers. Today Peab handles everything from construction maintenance, housing developments, other housing to large infrastructure projects. We deliver to private persons, business and the public sector.

Ongoing production has been characterised by intense activity and good profitability. Net sales increased during the first nine months by 11 percent to SEK 24,724 million and operating profit improved by 40 percent to SEK 1,106 million.

Turbulence on the financial markets has now led to a downturn in the economy even in Sweden. A weakened labour market and reduced credit lines from banks have created a general slump in the demand for products and services. For the Swedish market this means, according to the Swedish Construction Federation, that growth will drop from 7 percent in 2007 to some 4 percent in 2008 and to 1 percent in 2009.

We notice this change primarily in our own housing developments. Peab's new production of own housing developments generated 13 percent of net sales in the last 12 month rolling period compared to 15 percent for the whole year 2007. Peab has chosen to retain high requirements for advance subscription prior to embarking on new projects. This together with rising interest rates and a squeeze on credit has brought down the number of housing starts during the period to 1,378 compared with 1,779 during the same period in 2007. Another effect is that sales times are longer, which has reduced the number of sold homes during the period to 1,152 compared with 1,719 during the same period the previous year. The reduction in production starts of new projects is expected to lead to an increase in renovation and reconstruction volumes. Due to the considerable lack of housing in Swedish municipalities and a strong demand for flats to rent, new production of apartment buildings is expected to rise. We also believe that when the general concern over the economy dies down and interest rates fall, better opportunities to meet the significant long-term need for new housing will emerge.

The government's investment in the infrastructure will create strong growth in the public civil engineering sector. Investments for the near future in the Budget provide an additional SEK 5 billion annually during 2009-2010. The Infrastructure Bill for the years 2010-2021 contains significantly higher appropriations than previous infrastructure plans. This is positive for Peab since our civil engineering business is competitive and nationwide.



Other segments such as new construction and reconstruction are expected to develop positively, primarily due to orders from the public sector.

Order backlog continues to increase in Construction Sweden and Civil Engineerin. In Construction Abroad order backlog decreases as a result of greater selectivity regarding tenders submitted as well as a lower demand for new homes. Swedish operations accounted to 91 percent (82) of the order backlog.

In turbulent times it is vital to have robust financial resources. It is therefore good to know that the company has an extra security in available liquidity of more than SEK 4 billion, primarily consisting of long-term credit facilities.

Peab has for many years built our foundation on working methods that can weather changes as times passes. This is why we believe we have the right underpinnings to develop our business no matter what state the business cycle is in. In order to further improve Peab's ability to always deliver good returns an Extra General Meeting has decided that Peab makes an offer for all the shares in Peab Industri. The proposed acquisition will make the new group's financial position even stronger than its two separate parts are today and at the same time guarantee supplies of machines and raw materials. This will give us the right platform to be able to continue to participate in future structuring of the Nordic construction market.

Mats Paulsson
CEO

NET SALES AND PROFIT

The Group's net sales for the January-September 2008 period increased by 11 percent to SEK 24,724 million (22,370). Adjusted for acquired and divested units the increase in net sales amounted to 8 percent. Of the period's net sales, SEK 4,109 million (3,721) relates to sales and production outside Sweden.

Operating profit for the January-September 2008 period amounted to SEK 1,106 million compared with SEK 789 million for the same period the previous year. Last year's operating profit was affected by a competition claim charge of SEK 85 million. Operating profit for the latest rolling 12 month period amounted to SEK 1,578 million, an increase of 25 percent compared with SEK 1,261 million for the whole year 2007.

The period's share in joint ventures and associated companies' profits amounted to SEK 0 million (2). Capital gains from shares sold in joint ventures was SEK 29 million (0) and refer to the sales of 50 percent of Deamatrix Förvaltning AB.

Net financial items totalled SEK -127 million (-136), of which net interest amounted to SEK -33 million (1). Dividends from Brinova improved net financial items by SEK 32 million (32). The effect of the valuation of financial instruments at fair value affected net financial items by SEK -120 million (-153), of which the effect on profits of the valuation of the Brinova holding at fair value amounted to SEK -117 million (-173). The share holding is reported at market price on the balance sheet date.

Pre-tax profit amounted to SEK 979 million, compared with SEK 653 million for the same period the previous year.

Tax for the period amounted to SEK -250 million (-197), which is equivalent to a tax rate of 26 percent.

Profit for the period amounted to SEK 729 million compared with SEK 493 million for the same period the previous year, which includes SEK 37 million from discontinued operations.

FINANCIAL POSITION

The equity/assets ratio was 21.8 percent per 30 September 2008, compared with 23.5 percent at the end of 2007. Net debt amounted to SEK 1,422 million compared with net receivables of SEK 587 million at the end of last year. The average interest rate on the loan portfolio as of 30 September 2008 amounted to 5.6 percent (4.8).

The Group's disposable liquid funds including non-utilised credit facilities amounted to SEK 4,297 million at the end of the period, compared with SEK 5,173 million per 31 December 2007.

At the end of the period the Group's contingent liabilities, excluding shared obligations as part owner in limited partnerships, amounted to SEK 1,590 million compared with SEK 1,477 million per 31 December 2007. Of contingent liabilities, obligations to tenant-owners' cooperatives under construction were SEK 1,549 million compared with SEK 1,430 million at the end of 2007

INVESTMENTS

During the January-September 2008 period, net investments in

tangible and intangible fixed assets amounted to SEK 471 million (671). A total of SEK 329 million (298) net was invested in project and development properties.

CASH FLOW

Cash flow from current operations before working capital changes amounted to SEK 781 million compared with SEK 1,080 million for the same period the previous year (including SEK 148 million from discontinued operations).

Cash flow from changes in working capital amounted to SEK -1,808 million compared with SEK -450 million (including SEK 17 million from discontinued operations). The reduction is explained by the acquisition of project and development property, large VAT payments and fewer advance payments in housing production.

Cash flow from investment activities amounted to SEK -665 million compared with SEK 624 million (including SEK -279 million from discontinued operations) for the same period the previous year. Included in the amount for the comparable period is a loan repayment from Peab Industri in connection with its distribution. When project and development property is acquired through company acquisitions, it charges cash flow from investment activities in the same way as acquisitions of subsidiaries. Most of the period's investments concern financing partnership project companies.

Cash flow for the period amounted to SEK -816 million compared with SEK 91 million for the same period last year (including SEK 19 million from discontinued operations).

PERSONNEL

At the end of September 2008, the company had 12,010 employees compared with 11,942 at the same time previous year.

COMMENTS ON THE BUSINESS AREAS

CONSTRUCTION SWEDEN

The Construction Sweden business area comprises the Group's construction related services in Sweden.

Net sales in Construction Sweden for the January-September 2008 period amounted to SEK 15,539 million, compared with SEK 14,138 million during the same period the previous year, equivalent to an increase of 10 percent. Adjusted for acquired units the increase in net sales amounted to 10 percent.

The operating profit for the January-September 2008 period amounted to SEK 944 million, compared with SEK 756 million during the same period the previous year. Operating margin for the latest rolling 12 month period increased to 6.0 percent compared with 5.4 percent for the whole year 2007.

The improvement in operating profit and margin is in part due to the effect of a cost-effective organisation.

CONSTRUCTION ABROAD

The Construction Abroad business area consists of Peab's Norwegian and Finnish businesses. Most of this business is conducted in and around the capital cities.

Net sales in Construction Abroad for the January-September 2008 period amounted to SEK 3,888 million, compared with SEK 3,721 million the same period the previous year, equivalent to an increase of 4 percent. Adjusted for acquired units net sales decreased by 1 percent.

Operating profit for the January-September 2008 period amounted to SEK -7 million, compared with SEK -3 million the same period the previous year. Operating margin during the latest rolling 12 month period was unchanged, 0.4 percent, compared with the whole year 2007.

CIVIL ENGINEERING

The Civil Engineering business sector consists of civil engineering related business.

Net sales in Civil Engineering for the January-September 2008 period amounted to SEK 6,329 million compared with SEK 5,526 million for the same period the previous year, which corresponds to an increase of 15 percent. Adjusted for acquired units the increase in net sales amounted to 10 percent.

Operating profit for the period amounted to SEK 290 million compared with SEK 214 million for the same period the previous year. Operating margin increased to 4.9 percent during the latest rolling 12 month period compared with 4.4 percent during the whole year 2007. The improvement in operating profit and margin is in part due to the effect of a cost-effective organisation.

Peab's long-term investment in Norway and Finland is now moving into the next stage through the establishment of a Nordic civil engi-

neering organisation with the intention to increase our presence on these markets.

ORDERS RECEIVED AND ORDER BACKLOG

Orders received amounted to SEK 34,873 million during the latest rolling 12 month period compared with SEK 37,529 million for the entire year 2007. Orders received amounted to SEK 25,849 million for the January-September 2008 period compared with SEK 28,505 million for the same period 2007, which correspond to a decrease of 9 percent. The decrease refers to a decided downsizing in business abroad. The order backlog at the end of the period totalled SEK 27,307 million compared with SEK 26,891 million at the end of September last year. Order backlog increased in Construction Sweden and Civil Engineering but declined in Construction Abroad. The reduction in Construction Abroad is the result of lower demand for new homes as well as greater selectivity regarding tenders submitted.

Of the total order backlog, 72 percent (73) is expected to be produced after 2008. Construction projects accounted for 71 percent (76) of the order backlog. Swedish operations accounted for 91 percent (82) of the order backlog.

PROJECT DEVELOPMENT

As part of contract or operations, Peab also works with its own housing developments comprised of tenant-owner cooperatives and single homes sold directly to the end customer. New production of own housing developments made up 13 percent of net sales in the last rolling 12 month period compared with 15 percent for the entire year in 2007. The number of own housing developments in production at the end of the period was 3,895 compared with 3,843 at the end of last year. The number of sold homes in production was 70 percent compared with 75 percent at the end of 2007. Despite the fact that we note longer or more normal sales times Peab has retained high requirements for advance subscription prior to embarking on new projects. The total holding of project and development properties amounted to SEK 3,029 million compared with SEK 2,700 million per 31 December 2007. There were 138 repurchased homes per 30 September 2008, of which 133 pertained to the Finnish housing

Orders received and order backlog

MSEK	30 Sep 2008	30 Sep 2007	31 Dec 2007
Current financial year	7,582	7,284	19,541
Next financial year	14,888	15,087	5,620
Thereafter	4,837	4,520	1,138
Total order backlog	27,307	26,891	26,299
Orders received	25,849	28,505	37,529

Peab's own housing developments construction

	Jan-Sep 2008	Jan-Sep 2007	Jan-Dec 2007
Number of housing starts during the period	1,378	1,779	2,011
Number of homes sold during the period	1,152	1,719	2,035
Total number of homes under construction, at the end of the period	3,895	4,351	3,843
Share of sold homes under construction, at the end of the period	70%	75%	75%
Number of repurchased tenant-owner/shares in Finnish housing companies in the balance sheet at the end of the period	138	76	104

companies compared with 96 at the turn of the year.

ADMINISTRATION AND MANAGEMENT

Administration/Management comprises the central companies, certain subsidiaries and other holdings. Operating profit for the first nine months 2008 amounted to SEK -121 million compared with SEK -178 million for the same period last year. Last year's operating profit was effected by a competition claim charge of SEK -85 million.

CONSTRUCTION MARKET

The tremendous growth in the global economy of the past several years is now winding down. This downturn in the business cycle is exacerbated by the turbulence in the financial markets which has been going on for over a year. Growth is expected to slow in 2008 and 2009. Despite this, a steep climb by 4 percent in 2008 and 1 percent in 2009 in Swedish construction investments were predicted in a forecast by The Swedish Construction Federation published on the 9th of October.

The sign of the weakening economy has been a lower rate of start-ups and longer sales times for new tenant-owned rights and single homes. Households' willingness to invest in new homes is clearly affected by a weaker labour market and reduced credit lines from banks. However, demographic factors indicate a good level of housing investments in the long run when households regain their faith in the economy. Lower interest rates and a credit market that functions better will also contribute to a recovery in housing construction. To a certain degree the reduction in new production is compensated by a strong demand for reconstruction and maintenance in housing. Around 650,000 of the 850,000 flats in apartment buildings that were built in the years 1961-1975 have not yet been renovated, according to a study in the publication Industrifakta. As new production volumes drop several such projects are expected to be initiated.

The government's investment in the infrastructure will create strong growth in the public civil engineering sector.

Budget Bill investments for the near future provide an additional SEK 5 billion annually during 2009-2010. The Infrastructure Bill for the years 2010-2021 contains significantly higher appropriations than previous infrastructure plans. There continues to be a surge in private civil engineering investments, primarily in power plants and energy facilities. This is in part due to persistently high energy prices in the sector but also new projects in renewable energy sources.

The pressing need in municipalities for both new construction and renovation of public premises is expected to contribute to continued positive developments in the construction of public buildings. The

growth in private investments in facilities is still strong but it is expected to decline in 2009 as the economy slows down and household consumption drops. The demand for new industrial premises is also expected to weaken.

Construction and civil engineering investments in Norway are expected to drop by 1 percent during 2008 as a result of a lower demand in new housing according to Prognosesentret. A drop of 8 percent is expected during 2009.

The Finnish construction and civil engineering market is expected to grow by 4 percent during 2008 and drop by 3 percent during 2009 according to The Finnish Construction Federation, Rakennusteollisuus (RT).

RISKS AND UNCERTAINTY FACTORS

Peab's business is largely project related. Operational risks in day-to-day business are connected to bids, income recognition and volume and price risks.

Structured risk assessment is crucial in the construction business to ensure that risks are identified, correctly priced in tenders submitted and that the proper resources are available.

Peab applies the percentage of completion method in the projects. The application of the percentage of completion method depends on reliable forecasting. Well developed monitoring and system support for monitoring and forecasting for each project are crucial to limiting risks of incorrect revenue recognition.

For Peab, price risks refer to aspects such as unforeseen cost increases for materials, subcontractor and wages. Risks vary according to the type of contract. Fixed price contracts also involve the risk of incorrect tender calculations and the risk that price rises deteriorate profits because the company cannot demand compensation from the customer for them.

The Group is also exposed to financial risks, such as changes in debt and interest rate levels. Peab's shareholding in Brinova creates considerable exposure for the company through a single holding. Large fluctuations in the price of the Brinova share may exert a major impact on the valuation of the holding, which would affect Peab's net financial items.

For further information on risks and uncertainty factors, see the 2007 Annual Report.

ACQUISITIONS DURING THE REPORT PERIOD

Peab has acquired Senter Bygg Entreprenör AS in Buskerud, southwest of Oslo. Senter Bygg's turnover in 2007 was NOK 180 million and the company has around 100 employees. Senter Bygg is active

Share capital and number of shares

	Share capital MSEK	Number of registered A shares	Number of registered B shares	Total number of registered shares	Holdings of own shares	Shares owned by other shareholders
Share capital and number of shares 1 January 2008	933,3	19,611,404	154,841,302	174,452,706	5,625,000	168,827,706
Conversion convertible promissory notes, April 2008	0,8	-	148,407	148,407	-	148,407
Acquisition of own shares during the period	-	-	-	-	4,711,800	-4,711,800
Disposal of own shares during the period	-	-	-	-	-301,800	301,800
Share capital and number of shares 30 September 2008	934,1	19,611,404	154,989,709	174,601,113	10,035,000	164,566,113

in the Drammen region, building and renovating housing.

Peab has acquired all the shares in Hälsinge Bygg i Hudiksvall AB. The company has 45 employees and turnover in 2007 was SEK 70 million. Hälsinge Bygg is a traditional construction company focused on construction work and smaller jobs and it will continue to operate under its own brand name.

Peab has acquired the land developer Berg och Falk AB (BEFAB), which is primarily active in the Östergötland region. BEFAB mainly works with land development, daily operations and maintenance as well as ballast production. The company has around 200 employees and a turnover of approximately SEK 360 million.

IMPORTANT EVENTS DURING THE REPORT PERIOD

Göte Brännvall, 62, decided to leave Peab's Executive Management on 1 September 2008. Göte will continue to work in the Group as Senior Advisor.

ACCOUNTING PRINCIPLES

The interim report for 2008 has been drawn up in accordance with the IFRS standards adopted by the EU and the IFRIC interpretations of the current standards adopted by the EU. This report has been prepared in accordance with IAS 34, Interim Financial Reporting.

Parent company reports have been prepared in accordance with the Swedish Company Accounts Act and RFR 2.1, Reporting of Legal Entities.

The interim report has been prepared in accordance with the same accounting policies and assumptions that were described in the 2007 Annual report.

Peab Industri's profit for the January-April 2007 period has been reported as discontinued operations. Peab Industri has been included in the balance sheet until 30 April 2007.

PEAB MAKES AN OFFER ON PEAB INDUSTRI

On 15 October 2008 the owners in Peab AB representing approximately 71 percent of all the votes in the company requested Peab's Board to resolve an Extra General Meeting to decide on making a public offer to shareholders and convertible holders in Peab Industri to transfer all shares and convertibles to Peab. The Extra General Meeting, which was held on 10 November 2008, decided to approve the owners' proposal.

It is proposed the transaction be carried out as an issue in kind. As a consequence of the transaction, Peab's financial situation will be further strengthened through an increased equity ratio, an increased cash flow and thereby enhanced ability to further develop the operations and maintain favourable conditions for continued stable returns to the shareholders.

The Proposal entails that Peab offers three (3) newly-issued Class B shares in Peab for two (2) Class B shares in Peab Industri and three (3) newly-issued Class A shares in Peab for two (2) Class A shares in Peab Industri.

The Offer entails an offer premium of approximately 25 percent based on the last transaction price for the respective company's Class

B share as per October 14, 2008. The Offer entails an offer premium of approximately 22 percent based on the average last transaction price for the respective company's Class B share during 1 to 14 October 2008.

The total value of the offer amounts to approximately SEK 2,773 million based on the final price paid for Class B shares in Peab, which was SEK 22.40 on 7 November 2008, corresponding to around SEK 33.60 per share in Peab Industri. If the offer is completely fulfilled the number of newly issued shares in Peab will amount to 123,782,922, of which 109,074,369 will be Class B shares and 14,708,553 will be Class A shares, based on the number of outstanding shares on 14 October 2008.

Time schedule according to the Proposal

First acceptance day of the Offer	13 November 2008
Last acceptance day of the Offer	3 December 2008
Settlement reporting	December 2008

CONVERSION OF CONVERTIBLES 2005/2008

In September 2005 Peab issued a total of 5,500,000 convertibles to its employees. The last chance to convert Peab's Convertible Promissory Notes 2005/2008 to B shares was during the period 1-15 April 2008. The entire outstanding nominal amount of SEK 3.5 million remaining has been converted to 148,407 new B shares. The number of registered shares in Peab AB after the conversion amounts to 19,611,404 A shares and 154,989,709 B shares or a total of 174,601,113 shares.

CONVERTIBLES ISSUED TO NEW EMPLOYEES

Peab's Annual General Meeting on 15 May 2008 approved the proposal by the board to issue convertibles to new employees.

In light of the current financial turbulence, the changed conditions on the market since the AMG decision, and the likely assumption that the offer to new employees is no longer in the interest of the shareholders, the Board has decided to stop the program to issue, and to new employees transfer, Peab convertibles.

Peab's Board intends to bring up the matter of convertibles to new employees once again at the next Annual General Meeting.

HOLDINGS OF OWN SHARES

At the beginning of 2008 Peab's own B share holding was 5,625,000, which corresponds to 3.2 percent of the total number of shares. Peab's Annual General Meeting on 15 May 2008 resolved to authorise the board to, during the period until the next AGM, acquire shares so that the company would have at most 17,400,000 shares in Peab AB. During the report period 4,711,800 B shares, corresponding to 2.5 percent of the total number of shares, have been repurchased for SEK 231 million. During the same period 301,800 B shares were sold for SEK 12 million as partial payment for company acquisitions. As of 30 September 2008, Peab's own B share holding amounted to 10,035,000 B shares, corresponding to 5.7 percent of the total number of shares.

THE PEAB SHARE

Peab's B share is listed on the OMX Nordic Stock Exchange Stockholm, Mid Cap list.

As of 14 November 2008, the price of the Peab share was SEK 20.20, a decline of 70 percent during 2008. During the same period, the Swedish stock market declined by 44 percent according to the business magazine Affärsvärlden generalindex. During 2008, the Peab share has been quoted at a maximum of SEK 68.25 and a minimum of SEK 18.50.

THE PARENT COMPANY

The parent company Peab AB's net sales for the January-September 2008 period amounted to SEK 38 million (41) and mainly consisted of internal Group services. Profit after tax amounted to SEK 409 million (1,206). Profits include dividends of SEK 796 million (1,557) from subsidiaries.

The parent company's assets mainly consist of participations in Group companies amounting to SEK 7,141 million (7,169), shares in Brinova Fastigheter AB worth SEK 360 million (508) and convertible bonds in Peab Industri worth SEK 203 million (-). The assets have been financed from equity of SEK 4,104 million (4,305) and long-term liabilities amounting to SEK 4,120 million (3,945).

The parent company's liquid assets amounted to SEK 21 million (11) at the end of the period.

The parent company is indirectly affected by the risks described in the section Risks and Uncertainty Factors.

AGM

The AGM of Peab will be held on 14 May 2009 at Grevieparken in Grevie.

NOMINATING COMMITTEE

At the AGM held on 15 May 2008, Malte Åkerström (chairman), Leif Franzon, Göran Grosskopf and Erik Paulsson were appointed to the Peab nominating committee. Shareholders wishing to propose candidates for Peab's nominating committee can do so at email address valberedning@peab.se or by applying to Peab AB, Att: Nominating Committee, 260 92 Förslöv, Sweden. For consideration by the 2009 AGM, proposals must be in the hands of the company by 12 January 2009.

FUTURE FINANCIAL INFORMATION

- | | |
|--|------------------|
| • Year-end Report 2008 | 12 February 2009 |
| • Annual report 2008 | Week 15 2009 |
| • Interim report January – March 2009 and Annual General Meeting | 14 May 2009 |
| • Half year report January – June 2009 | 25 August 2009 |
| • Interim report January –September 2009 | 25 November 2009 |
| • Year-end Report 2009 | 17 February 2010 |

Förslöv, 17 November 2008

Mats Paulsson

CEO

The information in this interim report has not been reviewed separately by the company's auditors.

Condensed income statement for the Group

MSEK	Jan-Sep 2008	Jan-Sep 2007	Jul-Sep 2008	Jul-Sep 2007	Oct-Sep 2007-2008	Jan-Dec 2007
Continuing operations						
Net sales	24,724	22,370	7,891	7,478	34,331	31,977
Production costs	-22,391	-20,293	-7,139	-6,774	-31,147	-29,049
Gross profit	2,333	2,077	752	704	3,184	2,928
Sales and administrative expenses	-1,259	-1,205	-345	-306	-1,675	-1,621
Profit from participation in joint ventures/associated companies	0	2	-3	4	31	33
Capital gains from shares sold in joint ventures	29	0	0	0	35	6
Capital gains from shares sold in Group companies	3	—	—	—	3	0
Competition claim charge	—	-85	—	—	—	-85
Operating profit	1,106	789	404	402	1,578	1,261
Net financial items	-127	-136	-125	-115	-153	-162
Pre-tax profit	979	653	279	287	1,425	1,099
Tax	-250	-197	-69	-80	-378	-325
Profit for the period from continuing operations	729	456	210	207	1,047	774
Profit from discontinued operations, net after tax	—	37	—	—	—	37
Profit for the period	729	493	210	207	1,047	811
Profit attributable to shareholders in parent company	729	493	210	207	1,047	811
Profit attributable to minority interests	0	0	0	0	0	0
Key ratios						
Earnings per share, SEK	4.36	3.02	1.27	1.21	6.24	4.92
- after dilution	4.17	2.93	1.21	1.21	6.00	4.77
Earnings per share from continuing operations, SEK	4.36	2.79	1.27	1.21	6.24	4.69
- after dilution	4.17	2.72	1.21	1.21	6.00	4.55
Average number of outstanding shares, million	167.2	163.4	165.9	170.5	167.8	165.0
- after dilution	176.1	170.8	174.7	170.8	175.2	171.3
Return on capital employed, %	35.8 ¹⁾	21.5 ¹⁾			35.8	26.6
Return on equity, %	29.6 ¹⁾	28.0 ¹⁾			29.6	23.6

¹⁾ calculated on rolling 12 months

Condensed balance sheet for the Group

MSEK	30 Sep 2008	30 Sep 2007	31 Dec 2007
Assets			
Intangible assets	609	458	452
Tangible assets	875	591	642
Interest-bearing long-term receivables	318	362	322
Other financial fixed assets	846	933	903
Deferred tax assets	293	543	129
Total fixed assets	2,941	2,887	2,448
Project- and development properties	3,029	2,328	2,700
Inventories	130	62	86
Interest-bearing current receivables	449	111	121
Other current receivables	9,977	8,126	8,785
Short-term holdings	1	7	0
Liquid funds	404	1,019	1,212
Total current assets	13,990	11,653	12,904
Total assets	16,931	14,540	15,352
Equity and liabilities			
Equity	3,695	3,395	3,606
Liabilities			
Interest-bearing long-term liabilities	1,863	732	789
Other long-term liabilities	110	128	123
Total long-term liabilities	1,973	860	912
Interest-bearing current liabilities	731	193	279
Other current liabilities	10,532	10,092	10,555
Total current liabilities	11,263	10,285	10,834
Total liabilities	13,236	11,145	11,746
Total equity and liabilities	16,931	14,540	15,352
Key ratios			
Capital employed	6,289	4,320	4,674
Equity/assets ratio, %	21.8	23.3	23.5
Net assets(+) / Net debt (-)	-1,422	574	587
Equity per share, SEK	22.42	19.91	21.32
- after dilution	24.54	19.92	20.27
Number of outstanding shares at end of period, million	164.6	170.5	168.8
- after dilution	173.4	171.0	177.8

Group's changes in equity

	30 Sep 2008	30 Sep 2007	31 Dec 2007
MSEK			
Equity attributable to shareholders in parent company			
Opening equity on 1 January	3,600	3,277	3,277
Change in translation reserve for the period	17	82	94
Change in hedging reserve for the period	-89		-3
Profit for the period	729	493	811
Cash dividend	-377	-280	-280
Distribution of shares in Peab Industri AB ¹		-639	-639
Acquisition of own shares	-231		-129
Disposals of own share	12		
Conversion convertible promissory notes	4	459	466
Reversed deferred tax on convertible promissory notes which have been converted		2	3
Issued convertible promissory notes	35		
Deferred tax on temporary differences referring to the loan part of convertible promissory notes	-10		
Closing equity	3,690	3,394	3,600
Equity attributable to minority interests			
Opening equity on 1 January	6	1	1
Profit for the period	0	0	0
Acquisition			5
Disposal of minority shares	-1		
Closing equity	5	1	6
Total closing equity	3,695	3,395	3,606

¹ Of witch distribution costs -1

Condensed cash flow statement for the Group

	Jan-Sep 2008	Jan-Sep 2007	Jul-Sep 2008	Jul-Sep 2007	Oct-Sep 2007-2008	Jan-Dec 2007
MSEK						
Cash flow from current operations before working capital changes	781	1,080	128	424	1,286	1,585
Cash flow from changes in working capital	-1,808	-450	-566	-778	-2,113	-755
Cash flow from current operations	-1,027	630	-438	-354	-827	830
Acquisition of subsidiaries	-188	-221	-83	-54	-197	-230
Disposal of subsidiaries	9	8	7	3	16	15
Liquid funds, discontinued operations	—	-64	—	—	—	-64
Acquisition of fixed assets	-562	-527	-19	-229	-649	-614
Sales of fixed assets	76	1,428	1	1,370	146	1,498
Cash flow from investment operations	-665	624	-94	1,090	-684	605
Cash flow before financing	-1,692	1,254	-532	736	-1,511	1,435
Cash flow from financing operations	876	-1,163	172	-596	887	-1,152
Cash flow for the period	-816	91	-360	140	-624	283
Cash at the beginning of the period	1,212	913	761	870	1,019	913
Exchange rate differences in cash	9	15	4	9	10	16
Cash at the end of the period	405	1,019	405	1,019	405	1,212

Peab Industri's cash flow has been included in the cash flow statement for January to April 2007.

Net sales and operating profit per business area

MSEK	Net sales				Operating profit				Operating margin			
	Jan-Sep 2008	Jan-Sep 2007	Oct-Sep 2007/2008	Jan-Dec 2007	Jan-Sep 2008	Jan-Sep 2007	Oct-Sep 2007/2008	Jan-Dec 2007	Jan-Sep 2008	Jan-Sep 2007	Oct-Sep 2007/2008	Jan-Dec 2007
Construction Sweden	15,539	14,138	21,451	20,050	944	756	1,278	1,090	6.1%	5.3%	6.0%	5.4%
Construction Abroad	3,888	3,721	5,593	5,426	-7	-3	20	24	-0.2%	-0.1%	0.4%	0.4%
Civil Engineering	6,329	5,526	8,736	7,933	290	214	428	352	4.6%	3.9%	4.9%	4.4%
Admin./Management	62	107	79	124	-121	-178	-148	-205				
Eliminations	-1,094	-1,122	-1,528	-1,556								
Group total	24,724	22,370	34,331	31,977	1,106	789	1,578	1,261	4.5%	3.5%	4.6%	3.9%

DISCONTINUED OPERATIONS - DISTRIBUTION OF PEAB INDUSTRI

The AGM held on 16 May 2007 resolved to distribute the shares in Peab Industri AB to Peab's shareholders. Peab Industri's profit for the January-April 2007 period has been recognised as Profit from discontinued operations, net after tax in the Peab Group. Discontinued operations are recognised separately from continuing operations in the income statement. Comparative figures for previous periods have been restated to show discontinued operations separate from continuing operations.

Peab Industri has been excluded from the balance sheet per 30 September 2007, while the comparative balance sheets are in agreement with historic accounts.

Peab Industri's cash flow has been included in the cash flow statement for January-April 2007. Liquid funds in Peab Industri per 30 April 2007, amounting to SEK 64 million, have been recognised as discontinued operations under investment operations.

The impact of discontinued operations on individual Group assets and liabilities

MSEK	30 Sep 2007 ¹⁾
Intangible assets	319
Tangible assets	2,355
Financial fixed assets	375
Inventories	282
Current financial receivables	5
Current receivables	1,111
Short-term shareholdings	2
Liquid funds	64
Deferred tax liabilities	-141
Provisions	-41
Long-term liabilities	-2,329
Current liabilities	-1,359
	643
Adjustment attributable to minority in jointly owned company ²⁾	-5
Discontinued assets and liabilities, net	638

¹⁾ Refers to the period until end of April 2007

²⁾ Refers to adjustment of minority participation which is recognised as a joint venture in remaining operations

Profit from discontinued operations

Group MSEK	Jan-Sep 2007 ¹⁾	Jul-Sep 2007	Jan-dec 2007 ¹⁾
Net sales	1,652	—	1,652
Production expenses	-1,495	—	-1,495
Sales and administrative expenses	-89	—	-89
Profit from participation in joint ventures	0	—	0
Capital gains from shares sold in Group companies	—	—	—
Operating profit	68	—	68
Net financial items	-23	—	-23
Pre-tax profit	45	—	45
Tax	-12	—	-12
Profit after tax	33	—	33
Adjustment attributable to minority in jointly owned company ²⁾	4	—	4
Profit from discontinued operations, net	37	—	37

Net cash flow in discontinued operations

MSEK	Jan-Sep 2007 ¹⁾	Jul-Sep 2007	Jan-Dec 2007 ¹⁾
Cash flow from current operations	165	—	165
Cash flow from investment operations	-278	—	-278
Cash flow from financing operations	132	—	132
Net cash flow in discontinued operations	19	—	19

Quarterly data

Group

	Jul-Sep 2008	Apr-Jun 2008	Jan-Mar 2008	Oct-Dec 2007	Jul-Sep 2007	Apr-Jun 2007	Jan-Mar 2007	Oct-Dec 2006	Jul-Sep 2006
MSEK									
Continuing operations									
Net sales	7,891	9,203	7,630	9,607	7,478	8,187	6,705	8,077	6,187
Production costs	-7,139	-8,293	-6,959	-8,756	-6,774	-7,402	-6,117	-7,392	-5,725
Gross profit	752	910	671	851	704	785	588	685	462
Sales and administrative expenses	-345	-479	-435	-416	-306	-502	-397	-368	-289
Profit from participation in joint ventures	-3	6	-3	31	4	-5	3	-6	1
Capital gains from shares sold in joint ventures	0	0	29	6	0	0	0	11	—
Capital gains from shares sold in Group companies	—	3	—	—	—	—	—	11	0
Competition claim charge	—	—	—	—	—	-85	—	—	—
Operating profit	404	440	262	472	402	193	194	333	174
Net financial items	-125	-15	13	-26	-115	21	-42	162	23
Pre-tax profit	279	425	275	446	287	214	152	495	197
Tax	-69	-111	-70	-128	-80	-74	-43	-102	-55
Profit for the period from continuing operations	210	314	205	318	207	140	109	393	142
Profit from discontinued operations, net after tax	—	—	—	—	—	29	8	86	136
Profit for the period	210	314	205	318	207	169	117	479	278
Profit attributable to shareholders in parent company	210	314	205	318	207	169	117	479	278
Profit attributable to minority interests	0	0	0	0	0	0	0	0	0
Key ratios									
Earnings per share, SEK	1.27	1.87	1.22	1.92	1.21	1.06	0.73	2.84	1.64
- after dilution	1.21	1.79	1.17	1.84	1.21	1.01	0.71	2.75	1.54
Average number of outstanding shares, million	165.9	167.3	168.5	169.6	170.5	159.9	159.8	167.6	169.1
- after dilution	174.7	176.1	177.4	172.7	170.8	170.8	170.8	178.6	180.1

Business areas

	Jul-Sep 2008	Apr-Jun 2008	Jan-Mar 2008	Oct-Dec 2007	Jul-Sep 2007	Apr-Sep 2007	Jan-Mar 2007	Oct-Dec 2006	Jul-Sep 2006
MSEK									
Net sales									
Construction Sweden	4,735	5,908	4,896	5,912	4,460	5,221	4,457	5,445	3,897
Construction Abroad	1,195	1,383	1,310	1,705	1,339	1,315	1,067	1,196	975
Civil Engineering	2,322	2,291	1,716	2,407	1,987	2,012	1,527	2,082	1,595
Administration/Management	18	22	22	17	27	36	44	72	30
Eliminations	-379	-401	-314	-434	-335	-397	-390	-342	-267
Total	7,891	9,203	7,630	9,607	7,478	8,187	6,705	8,453	6,230
Operating profit									
Construction Sweden	337	374	233	334	306	260	190	272	144
Construction Abroad	-11	1	3	27	13	-13	-3	23	-11
Civil Engineering	127	105	58	138	106	68	40	26	63
Administration/Management	-49	-40	-32	-27	-23	-122	-33	-35	-30
Total	404	440	262	472	402	193	194	286	166
Order situation									
Orders received	7,953	8,432	9,464	9,024	8,340	10,004	10,161	7,172	6,370
Order backlog at the end of the period	27,307	27,306	28,091	26,299	26,891	26,017	24,150	20,642	21,852

When establishing Peab Industri AB on 31 December 2006 there were certain minor company transfers between the Industry, Construction Sweden and Civil Engineering business areas. Comparative figures have not been restated according to these transfers.

Condensed income statement for the parent company

MSEK	Jan-Sep 2008	Jan-Sep 2007	Jul-Sep 2008	Jul-Sep 2007	Oct-Sep 2007/2008	Jan-dec 2007
Net sales	38	41	13	12	52	55
Administrative expenses	-114	-118	-45	-34	-165	-169
Competition claim charge	—	-35	—	—	—	-35
Operating profit	-76	-112	-32	-22	-113	-149
Result from financial investments						
Profit from participation in Group companies	657	1,450	16	—	657	1,450
Other financial items	-226	-219	-148	-134	-294	-287
Profit after financial items	355	1,119	-164	-156	250	1,014
Appropriations	—	—	—	—	-1	-1
Pre-tax profit	355	1,119	-164	-156	249	1,013
Tax	54	87	17	42	86	119
Profit for the period	409	1,206	-147	-114	335	1,132

Condensed balance sheet for the parent company

MSEK	30 Sep 2008	30 Sep 2007	31 Dec 2007
Assets			
Fixed assets			
Machinery and equipment	3	3	3
Participation in Group companies	7,141	7,169	7,281
Receivables from Group companies	94	160	612
Other securities held as fixed assets	438	564	548
Interest-bearing long-term receivables	251	200	180
Deferred tax	47	27	—
Other long-term receivables	1	1	1
Total fixed assets	7,975	8,124	8,625
Current assets			
Accounts receivable	—	1	0
Receivables from Group companies	14	22	0
Interest-bearing current receivables	296	15	15
Prepaid tax	4	3	—
Other current receivables	15	142	199
Prepaid expenses and accrued income	8	5	4
Liquid funds	21	11	4
Total current assets	358	199	222
Total assets	8,333	8,323	8,847
Equity and Liabilities			
Equity	4,104	4,305	4,287
Untaxed reserves	1	—	1
Long-term liabilities			
Liabilities to Group companies	3,556	3,934	3,902
Convertible promissory note	564	11	562
Deferred tax liabilities	—	—	9
Total long-term liabilities	4,120	3,945	4,473
Current liabilities			
Accounts payable	8	5	22
Liabilities to Group companies	4	3	9
Other liabilities	42	42	39
Accrued expenses and deferred income	54	23	16
Total current liabilities	108	73	86
Total equity and liabilities	8,333	8,323	8,847
Pledged assets and contingent liabilities for parent company			
Pledged assets	—	—	—
Contingent liabilities	10,116	8,229	8,783

List of shareholders 30 September 2008

Shareholders	A shares	B shares	Total no of shares	Proportion of capital, %	Proportion of votes, %
Mats Paulsson with family and companies	5,574,234	19,237,510	24,811,744	14.2	21.4
Erik Paulsson with family and companies	6,975,780	11,405,028	18,380,808	10.5	23.1
Karl-Axel Granlund with companies		10,200,000	10,200,000	5.8	2.9
Fredrik Paulsson with family and companies	2,402,343	3,394,100	5,796,443	3.3	7.8
Stefan Paulssons dödsbo	2,402,343	3,362,074	5,764,417	3.3	7.8
Swedbank Robur Fonder		3,611,433	3,611,433	2.1	1.0
Svante Paulsson with family and companies	983,376	1,367,760	2,351,136	1.3	3.2
SEB Investment Management		2,254,260	2,254,260	1.3	0.6
Sara Karlsson with family and companies	1,016,080	696,038	1,712,118	1.0	3.1
Lannebo funds		1,887,400	1,887,400	1.1	0.5
Länsförsäkringar funds		1,442,200	1,442,200	0.8	0.4
Foreign owners		26,212,387	26,212,387	15.0	7.5
Others	257,248	59,884,519	60,141,767	34.6	17.8
Number of outstanding shares	19,611,404	144,954,709	164,566,113		
Peab AB		10,035,000	10,035,000	5.7	2.9
Number of registered shares	19,611,404	154,989,709	174,601,113	100.0	100.0

Source: VPC

